



IMPORTANT UPDATE

TO: Financial Aid Officers
Student Loan Officers

FROM: Jessie Cooper, Compliance Officer
Georgia Student Finance Commission

DATE: February 8, 2008

SUBJECT: COMMON MANUAL, *Unified Student Loan Policy Bulletin 104*

The attached policy change summaries have been prepared by the nation's guarantors in order to clarify, revise or correct existing policies contained in the Common Manual. The effective date associated with each provision is noted at the end of each section.

The following summaries are listed in the order that the policy changes were passed:

- Reference # 992 – Eligible Noncitizens
- Reference # 993 – Teacher Certification and Courses That Use Direct Assessment
- Reference # 994 – Revised Late Disbursement and Post-withdrawal Disbursement Time Frames
- Reference # 995 – Application of Administrative Forbearance during the Total and Permanent Disability (TPD) Conditional Discharge Period
- Reference # 999 – Regaining Eligibility after Failure to Meet Satisfactory Academic Process
- Reference #1000 – Federal Data Matches
- Reference #1001 – Definition of “Change of Control”

If you have any questions about the attached bulletin, please contact Jessie Cooper by phone at 770-724-9139 or e-mail at jessiec@gsfc.org.

Attachment

The nation's guarantors provide the following summaries to inform schools, lenders, and servicers of the latest *Common Manual* policy changes. These changes will appear in the manual's next annual update. These changes will also be incorporated into the *Integrated Common Manual*. The *Integrated Common Manual* is available on several guarantor websites, and it is also available on *Common Manual's* website at www.commonmanual.org. Please carefully note the effective date of each policy change.

Eligible Noncitizens

The *Common Manual* is updated to include victims of human trafficking and certain relatives of such victims as eligible noncitizens for purposes of determining eligibility for Title IV assistance.

Affected Sections: 5.2.A Citizenship Data Match
Effective Date: FFELP loans certified by the school on or after May 11, 2006.
Basis: 07-08 FSA Handbook, Volume 1, Chapter 2, pp. 1-20 and 1-21; DCL GEN-06-09.
Policy Information: 992/Batch 146
Guarantor Comments: None.

Teacher Certification and Courses That Use Direct Assessment

The *Common Manual* has been revised to state that a course that uses direct assessment rather than credit hours or clock hours to measure student progress is not an eligible course for purposes of teacher certification or recertification.

Affected Sections: 5.11 Student Enrollment Requirements
Effective Date: September 8, 2006.
Basis: Higher Education Reconciliation Act of 2005; Preamble language to the *Federal Register*, dated August 9, 2006, pp. 45668-45669; 07-08 FSA Handbook, Volume 1, Chapter 1, p. 1-5.
Policy Information: 993/Batch 146
Guarantor Comments: None.

Revised Late Disbursement and Post-withdrawal Disbursement Time Frames

The *Common Manual* has been revised to extend the time frame for the delivery of a late disbursement of loan funds to a student who has lost eligibility for a reason other than complete withdrawal. A late disbursement must now be delivered within 180 days of the date the student lost eligibility. The option for the school to obtain Department approval for a late delivery of loan funds after the 180-day period expires is eliminated. Loan funds not delivered by the end of the 180-day period may not be delivered to the student regardless of the circumstance that prevented timely delivery.

In addition, the time frame for the delivery of a post-withdrawal disbursement of FFELP loan funds has also been extended to 180 days *after the school's determination that the student withdrew*.

A new sub-subheading has been added to the text that addresses a post-withdrawal disbursement of Title IV grant funds. If outstanding charges exist on a student's account, a school may credit the student's account up to the amount of outstanding charges with any grant funds that make up the post-withdrawal disbursement. The school must deliver directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The school must deliver a post-withdrawal disbursement of Title IV grant funds as soon as possible, but no later than 45 days after the date of the school's determination that the student withdrew. There is no requirement that a school obtain the student's permission before making a post-withdrawal disbursement of grant funds.

Affected Sections: 8.7.E Late Delivery
9.5.A Return Amounts for Title IV Grant and Loan Programs

Effective Date: Late disbursements delivered by the school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.
Post-withdrawal disbursements delivered by the school on or after July 1, 2008, unless implemented earlier by the school on or after November 1, 2007.

Basis: §668.22(a)(5)(ii)(B)(1); §668.22(a)(5)(iii)(C); §668.164(g)(4)(i); Preamble to the *Federal Register*, dated November 1, 2007, Volume 72, pp. 62018, and 62027-62029.

Policy Information: 994/Batch 146

Guarantor Comments: None.

Application of Administrative Forbearance during the Total and Permanent Disability (TPD) Conditional Discharge Period

The *Common Manual* has been revised to provide policies related to the application of an administrative forbearance to a loan during a time when a nondisabled comaker is solely responsible for the repayment of a loan. The administrative forbearance may be applied in conjunction with a period of authorized deferment to satisfy a period of delinquency that remains outstanding after the application of an authorized deferment.

Revised policy provides that the administrative forbearance may not begin earlier than the date the loan holder receives the disabled comaker's loan discharge application, or the notification from the guarantor that a loan discharge application has been submitted to the guarantor, whichever is earlier. The policy further explains that the administrative forbearance may not end later than the date the lender receives notification of the final discharge determination.

Affected Sections: 11.1.A General Deferment Eligibility Criteria
11.19.F Forbearance of a Loan for a Comaker during the TPD Conditional Period
13.8.F Total and Permanent Disability

Effective Date: Administrative forbearances processed by a lender on or after July 1, 2007, unless implemented earlier by the guarantor.

Basis: *Conditional Disability Discharge: Joint Consolidations, PLUS Co-Borrowers, and Disabled Endorsers* dated August 2006. This document was developed by the Department in cooperation with NCHelp's Default Aversion and Claims Standardization (DACs) subcommittee and is located on the Department's Conditional Disability Discharge Unit's (CDD) Website at <http://www.fsacollections.ed.gov/contractors/ga/cdd/index.asp>. The document was updated with minor revisions and republished in November 2006.

Policy Information: 995/Batch 146

Guarantor Comments: None.

Regaining Eligibility after Failure to Meet Satisfactory Academic Progress

The *Common Manual* is being updated to clarify that, when a borrower regains Stafford or PLUS loan eligibility after a loss of eligibility due to the student's failure to make satisfactory academic progress, a school may certify a loan retroactive to the beginning of the current period of enrollment, *unless* the school's written satisfactory academic progress policy provides for reinstatement of eligibility at a later point.

Affected Sections: 6.2 Determining the Loan Period

Effective Date: Publication date of the 96-97 FSA Handbook.

Basis:

Policy Information: 999/Batch 146

Guarantor Comments: None.

Federal Data Matches

The *Common Manual* has been updated to reflect current form names and numbers that are used for verification of citizen or eligible noncitizen status.

Affected Sections: 5.2.A Citizenship Data Match
Effective Date: Implementation of a federal citizenship form is determined by the Department.
Basis: None.
Policy Information: 1000/Batch 146
Guarantor Comments: None.

Definition of “Change of Control”

The definition of “change of control” has been amended to state that a school that changes status from a for-profit entity to a nonprofit entity, or vice versa, is also considered to have undergone a change of control. A school in this circumstance is required to perform the administrative tasks applicable to any school that undergoes a change of control in order to retain its eligibility to participate in the Title IV programs.

Affected Sections: Appendix G
Effective Date: Retroactive to the implementation of the *Common Manual*.
Basis: 95-96 FSA Handbook, Chapter 3, Section 10.
Policy Information: 1001/Batch 146
Guarantor Comments: None.